


BORA LASKIN LAW LIBRARY



3 1761 10083899 4

LIBRARY



Digitized by the Internet Archive
in 2018 with funding from
University of Toronto

COURSEBOOK ON SECURITIES REGULATION

1971

Faculty of Law
University of Toronto

D. L. Johnston

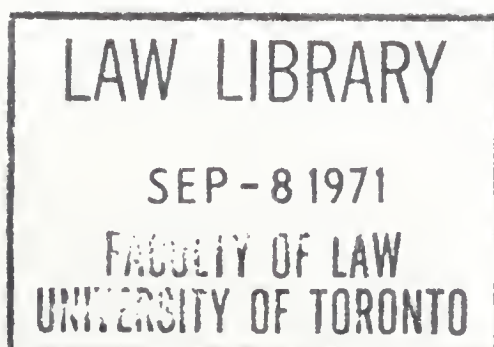


TABLE OF CONTENTS

	<u>page</u>
<u>Chapter I Introduction</u>	
Note on the Philosophy and Mechanics of Securities Legislation	1
✓Kimber Report, Introduction	4
✓Bray, Recent Developments in Securities Administration in Ontario	6
✓Loss, Securities Regulation; The Events of 1929-33 and the Battle of Philosophies	9
Gower, Modern Company Law; Flotations, Conclusions	14
<u>Chapter II Definitions</u>	
1. <u>Public Issue of Securities</u>	
(a) <u>What is a Security?</u>	
Williamson, Securities Regulation in Canada; Definitions and Exemptions in the Securities Act	1
✓Decision of O.S.C. on Avoca Apartments Ltd.	4
(b) <u>What is an Offer to the Public?</u> ✓	
✓Merger Study Report Chapter Three, Who are the Public	6
✓Note on Canadian Treatment	11
✓ <u>S.E.C. v. Ralston Purina Co.</u>	12
Herwitz, Business Planning; Non-Public Offerings	16
Gower, Modern Company Law; Methods of Public Issue	24
Problem	27
<u>Chapter III Machinery of Regulation</u>	
✓Bray, Recent Developments in Securities Administration in Ontario	1
Jennings & Marsh, Securities Regulation; The Work of the Securities and Exchange Commission	5
Note on the Toronto Stock Exchange	14
✓Kelly Report, Chapter XVII Toronto Stock Exchange	14
Toronto Stock Exchange Act, ss. 1,6,7	24
✓Main Recommendations of the Moore Report	25
Decision of O.S.C. on Commission Rates	26
Decision of O.S.C. on Win Eldrich Mines Ltd.	27
✓Baillie, The Protection of the Investor in Ontario, the I.D.A.C. and the B.D.A.	32
✓Points of Focus	40
<u>Chapter IV The License: Registration of Persons</u>	
1. <u>Generally</u>	
✓Bray, Recent Developments in Securities Administration in Ontario	1
✓C.C.H. Summary of O.S.C. Policy on Conditions of Registration	4
C.C.H. Summary of Registration Procedures in Certain Provinces 5x 532	13
O.S.C. Policy on Dual Licensing	23
2. <u>Registration as an Underwriter</u>	
Decision of Director on Marris Investment Corp. Ltd.	24
Review by O.S.C. of Marris Decision	29

3. Registration as a Broker-Dealer

Decision of Director on Goldmack Securities Cor. Ltd.	30
Review by C.S.C. of Goldmack Decision	33
Decision of Director on Adelaide Securities Ltd.	37
Review by C.S.C. of Adelaide Decision	51
Decision of O.S.C. on Liberty Securities Ltd.	53
Decision of Director on Ord Wallington Ltd.	54
Decision of Director on Ord Wallington Ltd.	56

4. Registration of Salesmen

Steps in Investigating Salesmen's Backgrounds	57
Decision of Director on James Laverne Simpson	58
Decision of Director on Roger Thomas Hanson	61
Decision of Director on William Arthur Pike	63
C.S.C. Policy on Part-Time Salesmen	64
C.S.C. Policy on Transfers of Salesmen	64
C.S.C. Policy on Short Position	65
Points of Focus	66
Problem	67

Chapter V The Prospectus:
Primary Distribution to the Public

Introductory Notes	1
--------------------	---

1. Primary Distribution(a) "Primary" Primary Distribution

Kimber Report, Form, Content, and Distribution of Prospectus	6
Bray, Recent Developments in Securities Administration in Ontario	12
C.S.C. Policy on Notices of Cessation of Primary Distribution	18

(b) "Secondary" Primary Distribution2. Primary Distribution Through the T.S.E.

Kimber Report, Distribution Through the Facilities of the T.S.E.	19
C.C.H. Summary of T.S.E. Statement on Distribution of Treasury Shares Through its Facilities	23
T.S.E. Policy on Primary Distribution	24
Minimum Listing Requirements for T.S.E.	34
T.S.E. Notice on "Secondary" Primary Distribution	35

3. Exemptions

Decision of C.S.C. on Export Finance Corp. Ltd.	36
C.S.C. Policy on S.19(2)8(iii) Applications	36
Wheat Report, Chapter VI; Secondary Distribution and Brokers' Transactions	39

4. S. 59 Applications

C.S.C. Policy on s.59 Applications	44
Decision of O.S.C. on s.59 Application	46
Decision of O.S.C. on Deer Horn Mines Ltd.	48
Decision of O.S.C. on Carrier Shoe Co. Ltd.	49
Decision of O.S.C. on Wainco Oils and Chemicals Ltd.	52
Decision of O.S.C. on Inland Chemicals Ltd.	53
Decision of O.S.C. on Famous Players Can. Corp. Ltd.	54
Decision of O.S.C. on Wee-Gee Uranium Mines Ltd.	57
Toronto Star, Article on Wee-Gee Mines Ltd.	58

5. Mining Financing

✓ Kelly Report, Chapter XVIII; Financing the Mining Industry	59
O.S.C. Policy on Maximum Offering Prices	63
O.S.C. Statement on New Short-Form Prospectus	64
Typical Unlisted Mining Prospectus	64
Decision of O.S.C. on Great Pine Mines Ltd.	69
Decision of O.S.C. on Prima Mining and Metal Company Ltd.	74
Decision of O.S.C. on Kimberley Copper Mines Ltd.	77
Decision of O.S.C. on Consolidated Manitoba Mines Ltd.	79
O.S.C. Policy on Transfers Within Escrow	84
✓ Points of Focus	85
✓ Problems	86

Chapter VI Regular, Continuous and Timely Disclosure ✓1. Regular and Continuous Disclosure

✓ Kimber Report, Part IV; Disclosure in Financial Statements	1
Harris, Access to Corporate Information	5
✓ Carscallen, Ontario Securities and Companies Legislation; Analysis of Differences in Reporting Requirements	19
✓ T.S.E. Policy on Quarterly Statements	20
Decision of O.S.C. on New Hosco Mines Ltd.	21

2. Timely Disclosure

✓ O.S.C. Policy on Timely Disclosure	23
✓ T.S.E. Policy on Timely Disclosure	25
✓ Texas Gulf Study - A Case Study, New Yorker	27
✓ Note on <u>S.E.C. v. Texas Gulf Sulphur</u> , Harvard L.R.	36
✓ Summary of One Civil Action vs Texas Gulf	44
Proceedings of a Panel Interview with P.A. Loomis on Corporate Disclosure and Insider Information	46

3. Disclosure: Some Proposals for Reform

✓ Introductory Note	54
Cohen, Truth in Securities Revisited	55
✓ <u>Merger Study Report</u> , Chapters 2, 4 5, and 8	59
Note on a Hole in the Disclosure Net	84
Newspaper Article on Foreign Interest in Canadian Companies	84
✓ Points of Focus	86

Chapter VII Civil Liability ✓

Introductory Note	1
Williamson, Civil Liability	1
<u>Kingstone v. Dominion Alloy Steel Corp.</u>	4
<u>Nesbitt Thomson & Co. v. Joseph M. Pigott</u>	8
<u>Mergers v. Freeholders Oil Co. Ltd.</u>	14
Jennings & Marsh, Securities Regulation; Civil Liability under the Securities Act of 1933	22
<u>Escott v. Bar Chris Construction</u>	27
Problem	32

Chapter VIII Criminal Liability

Williamson, Criminal Liability	1
<u>Cox and Paton v. The Queen</u>	29
<u>Regina v. Jay</u>	37
<u>Lampard v. The Queen</u>	39
<u>Regina v. MacMillan</u>	44
Globe & Mail, Articles on Wash Trading	48
Globe & Mail Article on Breach of Trust	50
<u>Smith v. The Queen</u>	51
<u>The Queen v. Victoria Wood Development Corp. Ltd.</u>	52
Points of Focus	54
Problem	55

Chapter IX Insider Trading

✓ Kimber Report, Part II Insider Trading	1
Williamson, Insider Trading	9
Carscallen, Ontario Securities and Companies Legislation	18
Crawford, Insider Trading	20
H. G. Manne, Insider Trading and the Stock Market	22
Johnston, Insider Trading Liability -- A Comparison of U.S. and Ontario Legislation	31
Decision of C.S.C. on British American Oil Co. Ltd.	46
Decision of C.S.C. on Alberta, British Columbia and Saskatchewan Companies Listed on the T.S.E.	47
In the Matter of Cady, Roberts & Co.	48
Jennings & Marsh, Securities Regulation; Who is an Insider?	53
In the Matter of Merrill, Lynch, Pierce, Fenner, & Smith Inc.	54
Fortune Magazine, Businessmen, The Law & Ethics	57
Globe & Mail, Article on Merrill Lynch	58
C.S.C. Policy on Registrants Acting as Corporate Directors	59
Globe & Mail, Article on Clairtone	59
Provision of Bill C-4 on Insider Trading	61
Points of Focus	63
Problems	64

Chapter X Proxies and Proxy Solicitation

Kimber Report, Part VI Proxies, and Proxy Solicitation	1
Carscallen, Ontario Securities and Companies Legislation	6
Williamson, Proxy Regulation	6
Globe & Mail, Article on Proxy Provisions of Bill C-198	11
<u>Murphy v. Lindzon et al.</u>	12
<u>In re J.A. Murphy et al. v. Lindzon et al.</u>	13
<u>Re Frontier Acceptances Corporation</u>	14
Points of Focus	16

Chapter XI Take-Over Bids and Business Acquisitions1. Take-Over Bids(a) Ontario Securities Act

Kimber Report, Part III Take-Over Bids	1
Globe & Mail, Offer to Purchase by Phillip Morris for Canadian Breweries Ltd.	5
Globe & Mail, Article on Phillip Morris Take-Over	7

Financial Post, Article on Canadian Breweries Ltd. Take-Over	10
Newsweek, How to Block Take-Overs	13
Fortune Magazine, City of London Code	15

(b) Canada Corporations Act

Section 128 of the Canada Corporations Act	17
<u>Esso Standard Inc. v. J. W. Enterprises Inc.</u>	18
Amendments to the Canada Corporations Act	23

(c) Some Proposals for Reform

Merger Study Report, Chapter 7	24
--------------------------------	----

2. Business Acquisitions

Introductory Note	34
Merger Study, Selections from Chapter I	34
Merger Study, Chapter 6	36
Points of Focus	44

Chapter XIII Interprovincial Co-ordination and
Federal Provincial Considerations

Williamson, Constitutional Requirements	1
Kimber Report, Part IX Constitutional Considerations	12
Two Opinions on the Constitutionality of the Securities Act	14
Langford and Johnston, The Case for a National Securities Commission	27
O.S.C. Bulletin, CANSEC, Legal and Administrative Concepts	35
Globe & Mail, Article on CANSEC	42
Globe & Mail, Article on Federal Securities Law	46
Banwell, Proposals for a National Securities Commission	44
Financial Post, Article on Federal Securities Law	46
Recommendations of Parizeau Committee Report on Financial Institutions to Quebec Government	48
Financial Post, Editorial on Federal Securities Law	49
Globe & Mail, Article on Quebec Securities Law	50
Vancouver Sun, Article on O.S.C.	51
Decision of O.S.C. on Bank of British Columbia Problem	53 54

APPENDIX A

Index to Policy Statements of O.S.C., 1949 - June, 1970.

APPENDIX B

Short Bibliography for Securities Regulation.

